OPEN MEETING AGENDA ITEM

AriSEIA
ARIZONA SOLAR ENERGY INDUSTRIES ASSOCIATION

www.ariseia.org

September 21, 2020

Docket Control
Arizona Corporation Commissioners
1200 W. Washington Street
Phoenix, AZ 85007-2996

RE: In the matter of the application of Arizona Public Service Company for approval of its fourth revised Rate Rider RCP. Docket No. E-01345A-20-0113

Chairman Burns and Commissioners,

In June, the Arizona Solar Energy Industries Association ("AriSEIA") requested that you reject a bid to lower the export rate (the "RCP') for new rooftop solar customers in UNS service territory. That request was made on behalf of Arizona homeowners hoping to adopt rooftop solar to help control their electric bills, and the thousands of families and workers who rely on Arizona's rooftop solar industry to provide stable jobs during this time of great financial uncertainty brought on by COVID-19. AriSEIA members were extremely relieved and grateful that the Commission listened to the concerns of homeowners and businesses and chose not to approve the UNS RCP decrease request at its June Open Meeting.

Unfortunately, while Arizona, and the world, are still reeling from the uncertainty caused by the still-raging COVID-19 pandemic, the RCP reductions for APS, TEP, and UNS all now appear on the Commission's September 22, 2020 Open Meeting agenda. The Commission has taken many admirable steps to help Arizonans and Arizona businesses struggling with the impacts of the pandemic, and it is our hope that you will refrain from approving RCP reductions that will jeopardize so much during this already unprecedented and turbulent time. As explained below, we are asking that the Commission either table or deny the APS and TEP applications.

To be clear, AriSEIA is not asking the Commission for any help or handouts; we are merely requesting that the Commission refrain from dramatically reducing the RCP for new solar customers. We want to underscore, unlike some of the other appropriate steps and incentives the ACC has approved for other forms of COVID-19 relief, we are not asking for more, we are simply communicating that now is the wrong time to reduce the RCP, which will make it harder for customers to save money and will risk vital jobs.

Please note, we are withdrawing our objection to the UNS RCP rate reduction after we further considered that the RCP rate offered remains above the average retail rate in that territory. While that reduction will no doubt have negative impacts on customers and workers, we want to be responsive to the issue identified in June, and while we do not support that decrease, we will not oppose the Commission on that. However, because the RCP for APS and TEP is already well below the average retail rate, and because so

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many families rely on the jobs that will be put at risk by this action, we believe it is against the public interest to reduce the RCP in the APS and TEP territories at this critical time.

There are several reasons to reject the applications brought by APS and TEP on this subject.

1. **COVID-19 is still having unprecedented impacts on businesses and consumers**

It goes without saying that COVID-19 continues to present challenges to each and every Arizona family, worker, and business. Arizonans commonly use rooftop solar as a means of managing and fixing a portion of their electric bills. Controlling and lowering electric bills is more important than ever given COVID-19's economic hardships, and families spending more time at home than ever before. Lowering the RCP will make it more difficult for consumers to use rooftop solar as a tool to manage their utility bills.

In addition to negatively impacting solar households, the RCP reduction will also jeopardize Arizona's solar jobs. The clean energy sector has not escaped the negative impact of this terrible pandemic. BW Research, an applied research firm specializing in economic and workforce research, published a report on September 14, 2020, analyzing monthly unemployment data from the U.S. Bureau of Labor Statistics ("BLS"). This report finds that nearly half a million (490,300) clean energy workers (including those in renewable power generation, energy efficiency, etc.) across the country remain unemployed relative to the pre-pandemic economy.

The report includes unemployment data specific to Arizona and several counties within Arizona. It finds that, relative to the pre-pandemic economy, 12% of Arizona's clean energy workforce (7,495 employees) remain unemployed. This includes 3,829 unemployed clean energy workers in Maricopa County and 616 in Pima County. Statewide, the greatest job losses occurred in March (1,484), April (7,433) and May (359). A significant number of workers were rehired in June (1,440), but the rate of rehiring slowed in July (159) and August (184) and seems to have leveled off, stalling the economic recovery and ***leaving 7,495 Arizona clean energy workers unemployed today.***

Rejecting the RCP decrease proposals from APS and TEP is also warranted to maintain policy consistency at the state level in light of the impending step down of the federal Investment Tax Credit ("ITC"), which will decline from the current rate of 26% to 22% on December 31, 2020. This policy change will negatively impact solar economics, consumer choice and the ability of residents to achieve savings on their utility bills. If the RCP steps down within three months of the ITC step down – in the middle of an unprecedented pandemic – it would represent a "one-two punch" that many in the solar and energy storage industry may not survive.

2. **The APS and TEP RCP are already well below the retail rate**

At the June Open Meeting, it was pointed out that the RCP formula results in an RCP export rate for UNS that is above the current retail rate. In contrast, the proposed APS RCP export rate is roughly 30% ***below*** the average retail rate paid by the average customer on the TOU-E rate (the most utilized solar rate), and

TEP's RCP is similarly below the retail rate. This means that when APS takes exported solar energy from a rooftop solar customer and provides it to the closest neighbor with an energy need at that instant, APS sells that energy to the neighbor for 30% more than it pays the solar customer for that energy. Rejecting the RCP decrease for APS and TEP permits the utility to continue to sell exported rooftop solar energy quickly at a substantially increased price.

3. The RCP level is being litigated in the APS Rate Case presently

We believe it would be inappropriate to reduce the RCP during this pandemic when the RCP level itself is already being litigated in the pending rate case. It is more appropriate to reject the reduction (and the negative economic impacts and risks it will cause) and allow the issue to be determined in the pending rate case. To be clear, even if the rate were not currently being litigated, it would still make sense for all the other reasons stated herein to refrain from lowering the RCP at this time.

4. Nothing prohibits the Commission from denying or tabling the applications

If the Commission agrees that it is not in the public interest to approve these applications because they will make it harder for Arizona families and businesses to control their electric bills and jeopardize jobs, there are no legal or procedural hurdles prohibiting the Commission from tabling or denying the applications.

The Value of Solar Decision is not a prohibition to tabling or denying the applications. The only prohibition put in place in the Value of Solar Decision is a requirement that the annual RCP step down ***not exceed 10%***. Other than that maximum step down limit, the Value of Solar Decision does not require a certain level of step down on an annual basis.

Nothing about the current RCP Plan of Administration requires this step down to occur if it is found to not be in the public interest. In fact, the Commission routinely ignores the RCP Plan of Administration approved in Decision 76295.[1] The Commission has already set a precedent for diverting from an approved RCP Plan of Administration. For example, the RCP POA calls for staff to issue a report by July 15 of each year, yet staff did not issue its report until last week. Further, the RCP POA calls for the new RCP rate to be considered at the August Open Meeting, yet this timeline has passed as well. It is not just this year that the POA has been diverted from. Decision 76898 included an amendment proposed by Staff that switched the effective date of APS's new RCP rate from September 1, 2018 to October 1, 2018. This date was altered without requiring any modification to the POA itself.

At the very least, the Commission has set a precedent over multiple years that the procedural timeline set forth in the POA is not binding and can be deviated from. In this case, dismissing or tabling the applications is clearly an option the Commission has at its disposal. Furthermore, this RCP decrease is not in the public

[1] Note the RCP POA actually attached to Decision 76295 included an error that was corrected in a compliance filing from August 21, 2017 that can be found here: https://docket.images.azcc.gov/0000182181.pdf

interest at this time, and the Commission retains the unfettered right to reject an application that is against the public interest.

Conclusion

If the Commission wishes to help stabilize solar jobs in the midst of the COVID-19 pandemic and preserve the opportunity for its constituents and businesses to take control of their electric bills at this difficult time, it has the ability to deny or table the applications. We respectfully request that the Commission take this action.

Sincerely,

/s/ Nicole LaSlavic
Executive Director
AriSEIA